



General Assembly

January Session, 2003

Raised Bill No. 6441

LCO No. 3185

Referred to Committee on Energy and Technology

Introduced by:
(ET)

AN ACT CONCERNING THE FINANCING OF RENEWABLE ENERGY PROJECTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (c) of section 16-245n of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (c) There is hereby created a Renewable Energy Investment Fund
5 which shall be administered by Connecticut Innovations, Incorporated.
6 The fund may receive any amount required by law to be deposited
7 into the fund and may receive any federal funds as may become
8 available to the state for renewable energy investments. Connecticut
9 Innovations, Incorporated, may use any amount in said fund for
10 expenditures which promote investment in renewable energy sources
11 in accordance with a comprehensive plan developed by it to foster the
12 growth, development and commercialization of renewable energy
13 sources, related enterprises and stimulate demand for renewable
14 energy and deployment of renewable energy sources which serve end
15 use customers in this state. Such expenditures may include, but not be
16 limited to, grants, direct or equity investments, loans, lease or

17 guarantee payments, contracts, [or] other forms of financial assistance
 18 or other actions which support research, development, manufacture,
 19 commercialization, deployment and installation of renewable energy
 20 technologies, and actions which expand the expertise of individuals,
 21 businesses and lending institutions with regard to renewable energy
 22 technologies. Any interest, income and dividends derived from the
 23 investment of amounts available in the Renewable Energy Investment
 24 Fund, and any application fees, license fees, royalty payments,
 25 investment income, loan repayments or other returns on expenditures
 26 made from the Renewable Energy Investment Fund, shall be credited
 27 to and used for purposes of such fund. In carrying out the provisions
 28 of this section, any administrative expenses of Connecticut
 29 Innovations, Incorporated or of any subsidiary of Connecticut
 30 Innovations, Incorporated formed for such purpose pursuant to
 31 subsection (h) of section 32-35, as amended by this act, to the extent
 32 such administrative expenses are not otherwise paid from application
 33 fees or other designated sources, may be paid from the Renewable
 34 Energy Investment Fund.

35 Sec. 2. Subsection (d) of section 16-245n of the general statutes is
 36 repealed and the following is substituted in lieu thereof (*Effective*
 37 *October 1, 2003*):

38 (d) The chairperson of the board of directors of Connecticut
 39 Innovations, Incorporated, shall convene a Renewable Energy
 40 Investments Advisory Committee to assist Connecticut Innovations,
 41 Incorporated, in matters related to the Renewable Energy Investment
 42 Fund, including, but not limited to, development of a comprehensive
 43 plan and expenditure of funds. The advisory committee shall include
 44 not more than twelve individuals with knowledge and experience in
 45 matters related to the purpose and activities of said fund. The advisory
 46 committee shall consist of the following members: (1) One person with
 47 expertise regarding renewable energy resources or renewable energy
 48 policy appointed by the speaker of the House of Representatives; (2)
 49 one person representing a state or regional organization primarily

50 concerned with environmental protection appointed by the president
51 pro tempore of the Senate; (3) one person with experience in business
52 or commercial investments appointed by the majority leader of the
53 House of Representatives; (4) one person representing a state or
54 regional organization primarily concerned with environmental
55 protection appointed by the majority leader of the Senate; (5) one
56 person with experience in business or commercial investments
57 appointed by the minority leader of the House of Representatives; (6)
58 one person with experience in business or commercial investments
59 appointed by the minority leader of the Senate; (7) two state officials
60 with experience in matters relating to energy policy and one person
61 with expertise regarding renewable energy resources appointed by the
62 Governor; and (8) three persons with experience in business or
63 commercial investments appointed by the board of directors of
64 Connecticut Innovations, Incorporated. The advisory committee shall
65 issue annually a report to such chairperson reviewing the activities of
66 the fund in detail and shall provide a copy of such report to the joint
67 standing committee of the General Assembly having cognizance of
68 matters relating to energy.

69 Sec. 3. Section 16-245n of the general statutes is amended by adding
70 subsection (e) as follows (*Effective from passage*):

71 (NEW) (e) Connecticut Innovations, Incorporated is authorized to
72 make advance commitments for permitted expenditures from the
73 Renewable Energy Investment Fund payable from the assessment of
74 the charge to customers of electric service to be deposited to such fund
75 pursuant to subsection (b) of this section, the other receipts and
76 revenues of such fund and the amounts from time to time held to the
77 credit of such fund, and may secure any such advance commitment by
78 a pledge of all or a portion of such assessments, receipts, revenues and
79 amounts, other than federal grants, provided no such advance
80 commitment shall be for a period longer than thirty years. Such
81 advance commitments may be in the form of grant, loan or investment
82 commitments, leases, including finance leases, lease guarantees,

83 development or operating subsidies, investment, loan or bond
84 guarantees, reimbursement agreements, energy purchase contracts,
85 loan or investment participations and related funding commitments,
86 or other advance commitments with respect to payments constituting
87 permitted expenditures from the Renewable Energy Investment Fund,
88 and may include advance commitments to the Connecticut
89 Development Authority to provide for the payment of debt service and
90 other amounts due with respect to bonds or other obligations of the
91 Connecticut Development Authority issued or undertaken for the
92 purpose of providing financial assistance for the deployment and
93 installation of renewable energy technologies for any industrial or
94 commercial application in connection with an economic development
95 project, as defined in subsection (u) of section 32-23d, or for the
96 purpose of providing funding to the Renewable Energy Investment
97 Fund. The Connecticut Development Authority is hereby authorized to
98 issue bonds for such purposes pursuant to section 32-23f and in the
99 case of bonds issued to provide funding to the Renewable Energy
100 Investment Fund, to loan the net proceeds thereof to Connecticut
101 Innovations, Incorporated, as administrator of the Renewable Energy
102 Investment Fund, for credit to such fund for use in accordance with its
103 purposes. The state covenants with the holders and transferees of each
104 such advance commitment, in consideration of their agreements and
105 undertakings with respect thereto, until such advance commitment
106 and the obligations thereunder have been fully performed and
107 discharged or unless expressly permitted or otherwise authorized by
108 the terms of each contract and agreement made or entered into by
109 Connecticut Innovations, Incorporated with or for the benefit of such
110 holders and transferees, that (1) the state shall cause the appropriate
111 officers of the state to impose, charge, collect and apply the
112 assessments and other revenues, receipts and amounts pledged to
113 secure such advance commitment, including, in the case of the
114 assessment of the charge to customers of electric services to be
115 deposited in the Renewable Energy Investment Fund pursuant to
116 subsection (b) of this section, at rates sufficient, taking into account

117 other pledged revenues, receipts and amounts, to pay the obligations
118 as they come due under such advance commitment, provided nothing
119 in this subsection shall require that any such assessment be at rates
120 higher than provided for when such advance commitment was
121 originally issued, (2) the state shall not limit or alter the rights vested
122 in Connecticut Innovations, Incorporated under this section, (3) the
123 state shall not create or cause to be created any lien or charge on the
124 assessments, revenues, receipts and amounts pledged to secure such
125 advance commitment, other than a lien or charge created pursuant to
126 this subsection, provided nothing in this subsection shall preclude the
127 state from issuing obligations which are secured by a pledge of such
128 assessments, revenues, receipts and amounts which is expressly
129 subordinate and junior in all respects to every lien and pledge created
130 pursuant to this subsection, (4) the state shall not limit, modify,
131 rescind, repeal or otherwise alter the rights or obligations of the
132 appropriate officers of the state to impose, charge, collect or apply the
133 assessments and other revenues and receipts pledged to secure such
134 advance commitment, and (5) the state shall not in any other way
135 impair the rights, exemptions or remedies of such holders and
136 transferees; provided nothing in this subsection shall preclude the state
137 from exercising its power, through a change in law, to limit, modify,
138 rescind or otherwise alter the character of the pledged assessments,
139 revenues, receipts and amounts, or to substitute like or different
140 sources of assessments, taxes, fees, charges or other receipts as pledged
141 revenues, including changing or altering the amount or method of
142 establishing and collecting the assessment of the charge to customers
143 of electric service pursuant to subsection (b) of this section, if and
144 when adequate provision shall have been made by law for the
145 protection of such holders and transferees. Connecticut Innovations,
146 Incorporated is authorized to include this covenant in any agreement
147 with the holders or transferees of such advance commitments. Any
148 pledge made by Connecticut Innovations, Incorporated of assessments
149 and other revenues, receipts, or amounts from time to time held to the
150 credit of the Renewable Energy Investment Fund to secure an advance

151 commitment pursuant to this subsection shall be valid and binding
152 from the time such pledge is made, and shall constitute a pledge
153 within the meaning and for all purposes of title 42a. Such assessments,
154 receipts, revenues and amounts so pledged and thereafter received by
155 Connecticut Innovations, Incorporated for the account of the
156 Renewable Energy Investment Fund shall immediately be subject to
157 the lien of such pledge without any physical delivery thereof or further
158 act, and the lien of any such pledge shall be valid and binding as
159 against all third parties irrespective of whether such third parties have
160 notice thereof. Neither any resolution of Connecticut Innovations,
161 Incorporated nor any other agreement or instrument by which such
162 pledge is created need be recorded. Advance commitments authorized
163 pursuant to this subsection, including any repayment obligation to the
164 Connecticut Development Authority in connection with any loan of
165 bond proceeds to provide funding to the Renewable Energy
166 Investment Fund, shall be special obligations of Connecticut
167 Innovations, Incorporated payable solely from the assessments,
168 receipts, revenues and amounts specifically pledged to secure such
169 advance commitments and shall not be deemed to constitute a debt or
170 liability of the state or any political subdivision thereof, including
171 Connecticut Innovations, Incorporated. For purposes of subsection (c)
172 of this section and this subsection, Connecticut Innovations,
173 Incorporated shall have and may exercise any powers enumerated in
174 section 32-39 and may take such other actions and do such other things
175 as may be necessary or convenient to carry out such purposes. In
176 acting pursuant to this subsection, Connecticut Innovations,
177 Incorporated may act through one or more subsidiaries formed for that
178 purpose under subsection (h) of section 32-35, as amended by this act,
179 in which case references in this subsection to Connecticut Innovations,
180 Incorporated shall be deemed to be references to such subsidiary or
181 subsidiaries.

182 Sec. 4. Section 32-35 of the general statutes is amended by adding
183 subsection (h) as follows (*Effective from passage*):

184 (NEW) (h) (1) The corporation may establish one or more
185 subsidiaries to stimulate, encourage and carry out the development,
186 financing, commercialization and deployment of renewable energy
187 sources which serve end use customers in this state. Each such
188 subsidiary shall constitute a public instrumentality and political
189 subdivision of the state and be deemed a quasi-public agency for
190 purposes of chapter 12. Each such subsidiary shall have all the
191 privileges, immunities, tax exemptions and other exemptions of the
192 corporation. For purposes of subsection (e) of section 16-245n, as
193 amended by this act, the corporation may act through any subsidiary
194 formed pursuant to this subsection.

195 (2) Each such subsidiary may sue and shall be subject to suit,
196 provided the liability of each such subsidiary shall be limited solely to
197 the assets, revenues and resources of such subsidiary and without
198 recourse to the general funds, revenues, resources or any other assets
199 of the corporation or any other subsidiary. Each such subsidiary shall
200 have the power to do all acts and things necessary or convenient to
201 carry out the purposes of this subsection and subsection (e) of section
202 16-245n, as amended by this act, including, but not limited to, (A)
203 solicit, receive and accept aid, grants or contributions from any source
204 of money, property or labor or other things of value for such purposes,
205 including, but not limited to, gifts, grants or loans from any
206 department, agency or quasi-public agency of the United States or the
207 state; (B) enter into agreements with persons upon such terms and
208 conditions as are consistent with such purposes; (C) acquire, take title,
209 lease, purchase, own, manage, hold and dispose of real and personal
210 property and lease, convey or deal in or enter into agreements with
211 respect to such property; (D) borrow money and incur other
212 obligations, including advance commitments of the type described in
213 subsection (e) of section 16-245n, as amended by this act, and
214 mortgage, convey or dispose of its assets and pledge its revenues in
215 order to secure any such obligations, provided such obligations are
216 special obligations of such subsidiary; (E) create and become a member
217 or partner of a limited liability company or a limited or general

218 partnership or establish other contractual arrangements with private
219 and public sector entities as such subsidiary deems necessary in order
220 to develop or finance renewable energy sources; (F) exercise any other
221 powers enumerated in section 32-39 necessary or appropriate to carry
222 out the purposes of this subsection and subsection (e) of section 16-
223 245n, as amended by this act.

224 (3) A resolution of the corporation shall prescribe the purposes for
225 which each such subsidiary is formed. No such subsidiary shall make
226 any advance commitment payable from or secured by a pledge of the
227 assessments, receipts, revenues and amounts on deposit in, or
228 thereafter received for the account of, the Renewable Energy
229 Investment Fund except as authorized by the corporation or a duly
230 authorized committee thereof.

231 (4) The corporation may transfer to any such subsidiary any moneys
232 and real or personal property, and the corporation may make loans to
233 any such subsidiary, provided the source and security, if any, for the
234 repayment of such loans is derived from the assets, revenues and
235 resources of such subsidiary.

236 (5) The provisions of section 1-125 and this subsection shall apply to
237 any person appointed as a member, director or officer of any such
238 subsidiary. Neither any such person so appointed, nor the directors,
239 officers and employees of the authority shall be personally liable for
240 the debts, obligations or liabilities of any such subsidiary. Each such
241 subsidiary shall, and the corporation may, protect, save harmless and
242 indemnify such member, director or officer as provided in section 1-
243 125.

244 (6) The corporation or any such subsidiary may take such actions as
245 are necessary to comply with the provisions of the Internal Revenue
246 Code of 1986 or any subsequent corresponding internal revenue code
247 of the United States, as from time to time amended, to qualify and
248 maintain any such subsidiary as a corporation exempt from taxation
249 under said Internal Revenue Code or to qualify interest on obligations

250 issued by such subsidiary as exempt from federal income taxation
251 under said Internal Revenue Code.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>October 1, 2003</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>from passage</i>

Statement of Purpose:

To authorize Connecticut Innovations, Incorporated to enter into lease agreements backed by the Clean Energy Fund, to credit income relating to the Clean Energy Fund to such fund, to authorize the Connecticut Innovations, Incorporated to make advance commitments on behalf of the Clean Energy Fund secured by a pledge of future receipts and revenues of such fund, and to allow the Connecticut Innovations, Incorporated to create limited purpose subsidiaries through which Connecticut Innovations, Incorporated could act in carrying out the Clean Energy Fund.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]